

Message Text

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PAGE 01 STATE 016924
ORIGIN EA-09

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TO AMEMBASSY MANILA
INFO AMEMBASSY BANGKOK
AMEMBASSY JAKARTA
AMEMBASSY KUALA LUMPUR
AMEMBASSY SINGAPORE
AMEMBASSY TOKYO
AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS:EGEN, ETRD, RP, VN

SUBJECT: CHAMBER OF COMMERCE OF THE PHILIPPINES TRADE
MISSION TO HANOI

REF: MANILA 348

1. FOLLOWING UNCLASSIFIED OVERVIEW OF SRV ECONOMY MAY BE
DISSEMINATED TO CHAMBER OF COMMERCE AS YOU SEE FIT.

2. OVERVIEW OF THE SRV ECONOMY - WHILE THE LONG-TERM
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PAGE 02 STATE 016924

PROSPECTS FOR THE VIETNAMESE ECONOMY APPEAR FAIRLY PRO-
MISING, THERE ARE SERIOUS SHORT-TERM PROBLEMS WHICH ARE
APPARENTLY BEING EASED ONLY WITH THE HELP OF THE CONSIDER-
ABLE FOREIGN AID VIETNAM IS RECEIVING, PARTICULARLY FROM
THE SOVIET UNION, CHINA, EASTERN EUROPE AND, TO A LESSER
EXTENT, FROM NON-COMMUNIST SOURCES.

URBAN UNEMPLOYMENT IS HIGH IN THE SOUTH WITH 3-4 MILLION
JOBLESS OUT OF A TOTAL WORKFORCE OF 9 MILLION. WHILE THE
PAST YEAR'S RICE CROP WAS BETTER THAN AVERAGE AND
CONTINUING GOOD HARVESTS COULD RESULT IN RICE
SELF-SUFFICIENCY BY THE END OF 1979, THE AGRICULTURAL
SECTOR AS A WHOLE IS CURRENTLY DEPRESSED. THERE ARE

SHORTAGES OF FUEL, FERTILIZER AND MECHANICAL MEANS OF
IRRIGATION. INDUSTRIAL OUTPUT IN THE SOUTH IS PROBABLY
HALF WHAT IT WAS BEFORE APRIL 1975 AND PRODUCTIVITY IN THE
NORTH IS LOW. GNP IS AROUND 5.5-6 BILLION DOLS OR 110 DOLS
PER CAPITA.

THE COUNTRY'S POTENTIAL IS STRONG, HOWEVER: THE AREA
UNDER CULTIVATION COULD BE DOUBLED OVER THE COURSE OF THE
NEXT SEVERAL YEARS AND THE YIELD PER HECTARE SIGNIFICANTLY
INCREASED; FISHING AND TIMBER EXPLOITATION COULD BE EX-
PANDED AND THERE APPEAR TO BE AN ABUNDANCE OF MINERALS IN
THE NORTH. OIL, OF COURSE, WOULD HAVE A DRAMATIC IMPACT
IF EXPECTATIONS ARE NOT TOO GREATLY EXAGGERATED.

THE SRV'S PRIMARY GOAL IS TO RESTORE THE ECONOMIES OF THE
NORTH AND SOUTH AND GRADUALLY TO INTEGRATE THEM. IT HAS
COMMITTED ITSELF, ACCORDING TO THE 1976-1980 FIVE YEAR
PLAN, TO DEVELOPING THE AGRICULTURAL SECTOR (PRINCIPALLY
IN THE SOUTH) WITH HEAVY INDUSTRY AND LIGHT INDUSTRY IN
SUPPORTING ROLES. IT IS NOT COMMITTED TO "SELF-RELIANCE"
BUT SEEKS TO USE TRADE AND AID AS A STIMULUS TO THE DEVELOP-
MENT OF A MODERN INDUSTRIAL CAPABILITY. IT APPEARS THAT
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PAGE 03 STATE 016924

AT LEAST 3/4 OF SRV TRADE IS WITH THE SOVIET UNION, PRC
AND EASTERN EUROPE. PROBABLY HALF THE REMAINDER IS WITH
JAPAN. SRV TRADE POLICY INCLUDES EXPANSION OF ITS TRADE
WITH NON-COMMUNIST NATIONS ALTHOUGH THE GROUNDWORK HAS
BEEN LAID FOR CONTINUING CLOSE ECONOMIC COOPERATION WITH
THE SOVIET UNION AND EASTERN EUROPE. THE CURRENT TRADE
DEFICIT FOR THE SRV IS MASSIVE AND WILL ONLY BE GRADUALLY
REDUCED. CORRESPONDINGLY, A SERIOUS SHORTAGE OF FOREIGN
EXCHANGE, PARTICULARLY HARD CURRENCY, IS LIKELY TO CON-
TINUE FOR THE FORESEEABLE FUTURE. BASIC IMPORT REQUIRE-
MENTS WILL BE EQUIPMENT, FOOD, FERTILIZER, MACHINERY, SPARE
PARTS, RAW MATERIALS AND FUEL TO MEET PRODUCTION REQUIRE-
MENTS. EXPORTS WILL BE MAINLY PROCESSED AND UNPROCESSED
AGRICULTURAL PRODUCE PLUS LIGHT INDUSTRIAL PRODUCTS AND
HANDICRAFTS.

TRADE FOR THE SRV IS HANDLED BY THE STATE TRADING COMPANY
IN HANOI AND THERE IS A BANK FOR FOREIGN TRADE HEAD
QUARTERED IN HANOI WITH A NEWLY-OPENED BRANCH IN HO CHI

MINH CITY.

VANCE

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NNN

Message Attributes

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Copy: SINGLE
Sent Date: 25-Jan-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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